

MUNICIPALITY OF WESSINGTON

INTERNAL CONTROL REVIEW

April 1, 2016

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AUDITOR GENERAL

REPORT ON THE LIMITED STUDY OF INTERNAL CONTROL
PERFORMED IN ACCORDANCE WITH SOUTH DAKOTA CODIFIED LAW 4-11-4.1

Governing Board
Municipality of Wessington
Wessington, South Dakota

We have made a study of selected elements of internal control of the Municipality of Wessington (Municipality) in effect at April 1, 2016. Our study was performed pursuant to South Dakota Codified Law (SDCL) 4-11-4.1 and was limited to selected accounting controls contained in the codified laws and other selected controls we felt were significant to the Municipality. Our study was not conducted in accordance with the standards established by the American Institute of Certified Public Accountants for the purpose of giving an opinion on internal control in effect at the Municipality.

The management of the Municipality is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objective of internal controls is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

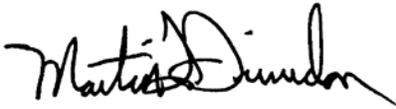
Our study was more limited than would be necessary to express an opinion on internal control of the Municipality. Also, our study would not necessarily disclose all significant weaknesses in internal controls of the Municipality. Accordingly, we do not express an opinion on internal control of the Municipality in effect at April 1, 2016.

However, our study did disclose weaknesses in internal controls of the Municipality in effect at April 1, 2016 as discussed below:

- a. The monthly financial report to the governing board did not include the value of the certificates of deposit which approximated \$201,000 and also combined all funds together in the monthly report. We recommend the monthly financial report to the governing board include the value of all certificates of deposit and be reported by fund.
- b. The Municipality did not issue duplicate receipts as required by SDCL 9-22-3. We recommend the Municipality issue duplicate receipts for all cash collections, and record all transactions in a cash receipts journal identifying the payer, date and form of payment, including batch receipts for utilities and receipts for direct deposits as required by SDCL 9-22-3.
- c. The Municipality did not properly maintain the following necessary records:
 1. Accounts receivable general ledger and corresponding subsidiary records
 2. Cash Receipts Journal by Fund
 3. Cash Disbursements Journal by Fund
 4. Revenue Budget Record
 5. Expenditure Budget Record

We recommend the Municipality properly establish and maintain the necessary accounting records.

This report is intended solely for the use of management and the governing board and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Martin L. Guindon, CPA
Auditor General

April 1, 2016